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8TH ANNUAL McGRAW-HILL SURVEY
INVESTMENT IN EMPLOYEE SAFETY AND HEALTH

Capital expenditures for employee safety and health will rise 28% between 1979 and 1980, according to a survey conducted in March and April by McGraw-Hill Publications Company Economics Department. If plans are met, business' 1980 expenditures on safety and health equipment will total $3.7 billion -- the second largest expenditure since 1972, when data were first collected. Capital spending on safety and health reached a high in 1978 of $4.3 billion.

In the three years 1981-83, average annual expenditure will fall to $3.5 billion if current plans are carried out.

The durable goods sector expects to spend $1.4 billion on employee safety and health in 1980, 44% more than it spent in 1979. The nondurable goods sector intends to spend $1.0 billion on safety and health equipment, 29% above last year. A 13% rise is planned by nonmanufacturing industries, which will spend $1.2 billion in 1980. Four industries will account for 41% of total safety and health expenditures in 1980; autos, trucks, and parts, (12.6% of the total); commercial, (10.3%); petroleum, (9.8%); and chemicals (8.6%).

The largest purchaser of safety and health equipment -- the autos, trucks, and parts industry -- plans to double expenditures to $463 million in 1980. The second biggest buyer is expected to be the commercial industry, with plans to spend $381 million, only 6% above 1979. The petroleum industry expects 1980 safety and health spending to rocket by 142%, lifting expenditures to $363 million. The chemical industry intends to spend $318 million, 14% above 1979.

The largest rise in safety and health expenditures is planned by the gas utilities, who foresee a jump this year of 164% to $39 million.

All but two industries plan increases in expenditures in 1980. These two are: rubber, which expects to spend $28 million this year, 29% below its 1979 expenditures; and other nondurables, planning to spend $61 million, 42% below its 1979 level.

During 1981-83, the durable goods sector plans to lower annual average safety and health expenditures by 14% from 1980. The nondurable goods sector expects a 9% cutback in spending. Nonmanufacturing industries, on the other hand, plan to raise 1981-83 expenditures 5% above the 1980 level.

Nine of the twenty-six industries foresee cuts in safety and health spending during the next three years. These nine, along with their planned cutbacks, are: autos, trucks, and parts, $346 million; petroleum, $207 million; commercial, $41 million; iron and steel, $18 million; nonferrous metals, $14 million; other nondurables, $9 million; paper, $6 million; railroads, $4 million; and airlines, $2 million.

Share of Capital Spending Going to Safety and Health Equipment

In 1979, expenditures on safety and health equipment were 1.6% of all capital expenditures, the lowest share it has been since data were first compiled in 1972. In 1980, according to the survey, they will account for 1.9% of capital expenditures, but will fall back to a 1.6% share of the total in 1981-83. The durable goods sector plans to allocate 3.2% of its 1980 capital funds, while nondurables is ticketing 2.2% and nonmanufacturing 1.1%, to safety and health.

The textile industry plans to devote the largest percentage of 1980 capital expenditures to safety and health: 8.3%. This proportion will be maintained in 1981-83. Autos, trucks, and parts will channel 7.9% of capital funds into safety and health equipment in 1980, a substantially larger proportion than 1979's 4.2%. In 1981-83, however, the proportion is expected to fall sharply to 1.9%.

The other durables industry will put 4.3% of capital spending into safety and health in 1980 and in 1981-83, compared to 3.4% in 1979.

The nonmanufacturing sector allocates a relatively small proportion of capital expenditures to safety and health. An exception in 1980 is expected to be railroads, which plan to raise this proportion to 2.8%, compared to 2.0% in 1979.

TABLE I

PLANS FOR INVESTMENT IN EMPLOYEE SAFETY AND HEALTH
(Millions of Dollars)

INDUSTRY	Actual 1979	Planned 1980	% Change 1979-80	Planned 1983	% Change 1981-83
Iron & Steel	$ 55	$ 60	10%	$ 42	-31%
Nonferrous Metals	63	87	39	73	-16
Electrical Machinery	108	161	49	212	32
Machinery	160	171	7	211	24
Autos, Trucks & Parts	225	463	106	117	-75
Aerospace	62	87	40	120	39
Fabricated Metals & Instruments	143	165	15	187	13
Stone, Clay & Glass	27	36	33	49	36
Other Durables	142	189	33	213	13
TOTAL DURABLES	983	1,419	44	1,224	-14
Chemicals	279	318	14	417	31
Paper	60	66	10	60	- 9
Rubber	39	28	-29	36	28
Petroleum	150	363	142	156	-57
Food & Beverages	97	113	17	125	11
Textiles	81	99	22	105	6
Other Nondurables	105	61	-42	52	-15
TOTAL NONDURABLES	811	1,048	29	951	-9
ALL MANUFACTURING	1,795	2,467	37	2,175	-12
Mining	53	61	14	80	31
Railroads	77	119	55	115	-4
Airlines	50	54	9	52	-3
Communications & Other Transportation	284	297	5	351	18
Electric Utilities	248	270	9	291	8
Gas Utilities	15	39	164	55	40
Commercial	359	381	6	340	-11
ALL NONMANUFACTURING	1,086	1,222	13	1,284	5
ALL BUSINESS	$2,880	$3,689	28%	$3,459	-6.2%

NOTE: The other durables category listed in the tables includes lumber, furniture, jewelry, toys, and transportation equipment other than autos and aerospace. Other nondurables includes apparel, tobacco, printing and publishing, and leather. The commercial category includes retail and wholesale trade, banking, holding companies, insurance companies, hotels, laundries and construction.

TABLE II

EMPLOYEE SAFETY AND HEALTH INVESTMENT AS A PERCENT OF CAPITAL SPENDING

INDUSTRY	Actual 1979	Planned 1980	Planned 1983
Iron & Steel	1.8%	1.8%	1.2%
Nonferrous Metals	2.4	2.4	1.8
Electrical Machinery	2.1	2.6	2.8
Machinery	1.9	1.9	1.8
Autos, Trucks & Parts	4.2	7.9	1.9
Aerospace	3.0	3.0	3.0
Fabricated Metals and Instruments	3.2	3.1	3.2
Stone, Clay & Glass	0.9	1.1	1.8
Other Durables	3.4	4.3	4.4
TOTAL DURABLES	2.6	3.2	2.4
Chemicals	3.3	3.1	3.6
Paper	1.2	1.2	1.1
Rubber	2.2	1.5	1.6
Petroleum	0.9	1.8	.6
Food & Beverages	1.9	2.2	2.0
Textiles	7.7	8.3	8.3
Other Nondurables	3.9	1.9	1.9
TOTAL NONDURABLES	2.0	2.2	1.7
ALL MANUFACTURING	2.3	2.7	2.0
Mining	1.0	1.0	1.0
Railroads	2.0	2.8	2.4
Airlines	1.5	1.5	1.5
Communications & Other Transportation	1.2	1.2	1.2
Electric Utilities	0.9	0.9	1.0
Gas Utilities	0.3	0.7	0.9
Commercial	1.2	1.2	1.0
ALL NONMANUFACTURING	1.1	1.1	1.1
ALL BUSINESS	1.6%	1.9%	1.6%